

Message Text

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21

ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02

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R 030903Z JUL 75

FM AMEMBASSY ADDIS ABABA

TO SECSTATE WASHDC 5220

INFO AMCONGEN ASMARA

AMEMBASSY KHARTOUM

AMEMBASSY NAIROBI

AMEMBASSY MOGADISCIO

AMEMBASSY PARIS

AMEMBASSY LONDON

LIMITED OFFICIAL USE ADDIS ABABA 7939

E.O. 11652: N/A

TAGS: EGEN ENRG

SUBJECT: PETROLEUM DISTRIBUTION COMPANIES' ASSESSMENT OF
CURRENT SUPPLY AND DEMAND SITUATION FOR PETROLEUM
PRODUCTS

REF: ADDIS 7481 AND PREVIOUS

1. AT THE REQUEST OF THE EPMG, THE PETROLEUM DISTRIBUTION
COMPANIES HAVE ASSESSED THE SUPPLY AND DEMAND SITUATION FOR
PETROLEUM PRODUCTS FOR ALL AREAS OF ETHIOPIA EXCEPT ERITREA.
THE BASIC FINDINGS OF THEIR ANALYSIS ARE AS FOLLOWS:

LITERS IN MILLIONS

A. SUPPLY (HAULAGE CAPACITY)

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JULY AUGUST SEPTEMBER

| | | | |
|------|------|------|------|
| ROAD | 18.0 | 18.0 | 18.0 |
| RAIL | 4.2 | 4.2 | 4.2 |
| | 22.2 | 22.2 | 22.2 |

B. DEMAND (BASED ON 1974 ACTUALS)

| | JULY | AUGUST | SEPTEMBER |
|--|------|--------|-----------|
|--|------|--------|-----------|

| | | | |
|----------|-----|-----|-----|
| AVIATION | 5.1 | 5.1 | 5.0 |
|----------|-----|-----|-----|

| | | | |
|----------|-----|-----|-----|
| FUEL OIL | 4.4 | 4.2 | 4.2 |
|----------|-----|-----|-----|

GAS & DIESEL

| | | | |
|-----------------|-----|-----|-----|
| MAJOR CONSUMERS | 6.4 | 6.4 | 5.8 |
|-----------------|-----|-----|-----|

| | | | |
|--------|------|------|------|
| RETAIL | 14.2 | 14.0 | 13.9 |
|--------|------|------|------|

| | | | |
|--|------|------|------|
| | 30.1 | 29.7 | 28.9 |
|--|------|------|------|

C. DEFICIT

| | | | |
|--------|------|------|------|
| DEMAND | 30.1 | 29.7 | 28.9 |
|--------|------|------|------|

| | | | |
|--------|------|------|------|
| SUPPLY | 22.2 | 22.2 | 22.2 |
|--------|------|------|------|

| | | | |
|--|-----|-----|-----|
| | 7.9 | 7.5 | 6.7 |
|--|-----|-----|-----|

THE DECLINE IN THE DEMAND FIGURES FOR 1974 REFLECTS THE SEASONAL SLOWDOWN IN ACTIVITY AS THE RAINY SEASON BEGINS. THE DEMAND FIGURES WILL BE REVISED WITHIN THE NEXT DAY OR TWO AFTER JUNE 75 USAGE HAS BEEN COMPILED WHICH SHOULD PROVIDE AN INDICATION OF CURRENT OFF-TAKE. IT IS CLEAR FROM THIS ASSESSMENT THAT THE PROJECTED SHORTFALL CANNOT BE ABSORBED SOLELY BY REDUCING CONSUMPTION OF GASOLINE, SOLD THROUGH RETAIL OUTLETS; IN ADDITION, DIESEL SOLD THROUGH RETAIL OUTLETS AND POSSIBLY SOME GAS AND DIESEL SOLD TO CERTAIN MAJOR CONSUMERS (I.E., GOVERNMENT, INDUSTRIES, ETC.) WILL ALSO HAVE TO BE REDUCED.

2. IN LIGHT OF THESE PROJECTIONS THE EPMG HAS ASKED THE OIL COMPANIES TO BRING IN ADDITIONAL TRUCKS FROM NEIGHBORING COUNTRIES (SUDAN AND KENYA) IF POSSIBLE. IT HAS ALSO ASKED MAAG TO PROVIDE QUOTATIONS ON RUBBER BLADDERS WHICH CAN BE USED ON FLAT-BED TRUCKS. (COMMENT: MOBIL REPS BELIEVE THAT USE OF BLADDERS ON FLAT-BEDS IS NOT FEASIBLE FOR LONG HAULS AS THE BLADDERS ARE NOT STRUCTURALLY RIGID AND CONSEQUENTLY THE MOTION OF PETROLEUM PRODUCTS IN THEM WHEN THE TRUCKS ARE UNDERWAY COULD CAUSE TRUCKS TO GO OUT OF CONTROL.) AIRLINE COMPANIES HAVE ALSO BEEN REQUESTED TO REDUCE THEIR OFF-TAKE OF JET FUEL AT THE ADDIS ABABA AIRPORT. THE EPMG MADE IT CLEAR, HOWEVER, THAT LIMITED OFFICIAL USE

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THIS WAS TO BE DONE AS QUIETLY AS POSSIBLE, PRESUMABLY IN AN ATTEMPT TO AVOID EMBARRASSMENT TO THE GOVERNMENT.

3. COMMENT.

A. THIS ASSESSMENT CLEARLY DEMONSTRATES ADDIS ABABA'S PRECARIOUS POSITION REGARDING THE SUPPLY OF PETROLEUM PRODUCTS. IF A CONVOY IS DELAYED, CITY TRAFFIC WOULD QUICKLY COME TO A HALT:

INDUSTRIAL AND GOVERNMENTAL ACTIVITIES WOULD PROBABLY BE ABLE TO CONTINUE FOR AWHILE AS THEY HAVE SOME STOCKS BUT THOSE TOO WOULD SOON BE EXHAUSTED. SINCE THE LAST ATTACK ON A CONVOY (JUNE 20 - ADDIS 7423) BY THE AFAR, TWO CONVOYS HAVE ARRIVED IN ADDIS FROM ASSAB WITHOUT INCIDENT. THE NEXT CONVOY - A LARGE ONE COMPRISED OF 120 TANKERS - IS SCHEDULED TO ARRIVE JULY 3. CONVOYS ARE CURRENTLY AVERAGING 10 DAYS ROUND TRIP AND ARE USED BETWEEN ASSAB AND AWASH STATION WHICH IS APPROXIMATELY 225 KMS EAST OF ADDIS.

B. THE RATIONING SYSTEM APPEARS TO BE WORKING REASONABLY WELL. LINES AT GAS STATIONS HAVE BEEN SHORTENED AND AT TIMES ELIMINATED. THERE IS STILL CONSIDERABLE TRAFFIC IN THE CITY AND TAXIS, WHILE REPORTEDLY CHARGING HIGHER FARES IN SOME CASES, ARE STILL VERY MUCH IN EVIDENCE. BUS SERVICE IS ALSO CONTINUING, INCLUDING TO THE INTERIOR. THERE ARE REPORTS, OWEVER, OF SPORADIC SHORTAGES IN VARIOUS PARTS OF THE COUNTRY WHICH SOMETIMES LAST SEVERAL DAYS, AND VEHICLE TRAFFIC IN THE COUNTRYSIDE HAS DECLINED SUBSTANTIALLY.

C. THE ECONOMIC IMPACT OF PETROLEUM SHORTAGES IS STILL RELATIVELY MINOR, EXCEPT FOR THE OIL COMPANIES AND TRUCKERS WHOSE COSTS HAVE GONE UP SUBSTANTIALLY. OTHERWISE THE EFFECTS ARE MOSTLY RELATED TO THE INCONVENIENCE OF RATIONING, AND SOME LOSS OF PRODUCTIVE EFFORTS OWING TO THE TIME PEOPLE SPEND GETTING GASOLINE. MANY BUSINESSES ARE CONSIDERING A CHANGE IN THEIR LUNCH HOURS SO EMPLOYEES WILL NOT HAVE TO GO HOME TWICE DURING THE WORK DAY.

HUMMEL

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